EXHIBIT B PART 3 OF 10

### EXHIBIT 391 TO THE DECLARATION OF LISA J. CISNEROS IN SUPPORT OF PLAINTIFFS' NOTICE OF SUPPLEMENTAL MOTION AND MOTION FOR CLASS CERTIFICATION

#### Worldwide Focal 2001 Questions and Answers Intel Confidential Rev 13. Feb. 26, 2001 (Q/As in **bold** are not in the Corporate Q/As)

- Q1. What is being announced?
- A1. Employees grade 10 and below will get half their focal increase in April 2001. They will receive half the increase to base and half the increase to EB or Commission. This includes all increase types: merit, special market adjustments and promotion increases. We will review business conditions in Q3 with the goal to deliver the other half of the planned increase in October 2001.

Focal increases continue to be based on meritocracy incorporating accomplishments, performance rating, performance trend and position in the pay range.

- Q2. What about my focal stock allocation; will it be reduced by half?
- A2. No. Focal stock allocations are not affected by this decision.
- Q3. Are employees guaranteed the second half of their planned focal increase in October 2001?
- A3. While it is our intention at this time to deliver the second half of the planned focal increase in October, the final decision will be based on a review of internal and external business conditions in Q3.
- Q4. Why do we feel the need to do this?
- A4. We are facing some significant business issues in the first half of the year, due to the industry wide economic slowdown and resulting lower sales. This has made it necessary to take prudent and targeted steps which will assist in reducing certain current expenses, supporting our long-term manufacturing and research & development efforts. It is hoped this will give us the flexibility to adjust these actions for the benefit of the company, our employees and stockholders as the year progresses.
- Q5. Who is affected by the delayed focal increases?
- A5. All employees' worldwide, including exempt and non-exempt employees, who receive an increase as part of the Focal 2001 process, are affected by this decision. The exception is the U.S. non-exempts who already received their focal increases in December 2000.

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- Q6. Why are U.S. non- exempts not affected?
- A6. The non-exempt focal cycle in the U.S. is different from the focal cycle for all other employees. The U.S. non-exempt focal cycle runs from December to December. The U.S. non-exempt focal was approved and implemented before this decision was made.
- Q7. Is it not unfair that the U.S. non-exempts were not affected, but the non-exempts at the international sites were covered by this decision?
- A7. Decisions are made and in this case budgets are approved based on the best available data at the time. The U.S. non-exempt focal budget was approved in late Q3'2000. Midyear increases and promotions for U.S. non-exempt employees will be delayed until we have the approval to implement the second half of the remaining focal increases for all other employees
- Q8. How are Sr. Managers impacted by this decision?
- A8. Current Sr. Managers grade 11 and above, and equivalent commission grades, are having their entire focal increase delayed until October 1, 2001, pending a review of business conditions. Employees being promoted to grade 11 with this Focal will receive half of their focal increase, including promotion, in April.
- Q9. Are employees on commission plans also impacted?
- A9. Yes
- Q10. What about employees in recently acquired companies, are they also impacted by this decision?
- A10. Yes, if they are part of the Focal 2001 process.
- Q11. Were other options considered?
- A11. Yes, a wide range of options was evaluated. This plan was selected because it met the goal of providing a substantial cost savings while delivering a reasonable focal increase to employees.
- This feels like another U.S. response to a U.S. problem. The economy and business outlook in my country is still very positive. Why are employees world wide being treated the same?
- A12. Sales of our products are down in every region. Our margins are under pressure around the world. Intel is a global organization and this is a global problem requiring a global response.

- Q13. Why are we taking this action when at the same time we continue to spend billions of dollars on a multitude of acquisitions?
- A13. We have and will continue to spend more money on research, development, manufacturing and acquisitions. We need new products and increased productivity to grow out of any recession.
- Q14. How much do business conditions need to improve in order to implement the other half of the focal increases.
- A14. It is hard to identify one specific set of targets. Each business group has their own set of revenue, spending and other performance related indicators. Overall, Intel needs to be meet or exceed these targets. You will be updated regularly through Business Update Meetings (BUMs) and department meetings.
- Q15. The value of our stock options have been reduced by ~ 50%. Most employees hired in the last 18 months or so are looking at options with grant prices less than price of the stock today. Isn't this a double hit?
- A15. In the near term it may feel like a double hit. However, stock options are a long-term incentive requiring a long-term view. Our industry has a history of going through business cycles. While past performance is no guarantee of future results, Intel has a history of coming out of the economic downturns a stronger company, which is reflected in the long-term historical growth of our stock price.
- Q16. Are we concerned with our ability to continue to attract and retain key employees with critical skills?
- A16. Yes, we always have this concern. We are not the only company taking this kind of action. Many other companies in our industry (e.g. HP, LSI Logic, Applied Materials, etc.) are delaying or eliminating planned increases. Some are also initiating layoffs.
- Q17. In some countries the government has passed legislation requiring increases in minimum wages and or base pay. Will we comply with these government mandated increases?
- A17. Yes, we will comply and meet our legal obligations.
- What will happen to the EB targets of non- exempt employees and exempt employees in grades 2-6 where the EB target is 1%?
- A18 The EB target will be adjusted to reflect the increase in base pay effective April 1, 2001 so the EB target remains at 1%. When the second half of the focal increase is implemented the EB target will be adjusted again to remain at 1%.

- Q19. What impact will this decision have on EB?
- As part of this focal, if the intention is to increase an employee's EB target, only half of the planned increase to the EB target will be effective April 1, 2000. The remaining half of the planned increase to the EB target will be implemented when and if the rest of the focal budget is implemented later in the year, subject to business conditions.

In this scenario, and assuming the second half of the focal is implemented in October, the employee will have three different EB targets:

EB Target A: Jan 1, 2001 - Mar. 31, 2001 EB Target B: April 1, 2001 - Sept. 30, 2001 EB Target C: Oct. 1, 2001 - Dec. 31, 2001

All other things being equal, this will result in a lower EB payout than if the full EB increase was implemented in April.

- Q20. What impact will this decision have on ECBP?
- A20. Since we are delaying the full implementation of your focal increase your total eligible earnings will be lower, at least for part of the year, than if the full focal increase was implemented in April. This will impact (lower) the ECBP payout (all other factors being equal).
- Q21. My organization has hired a lot of people in the last year and many are being paid more than existing employees. We were told this Focal budget would allow managers to address the equity issues caused by this pay compression. Now what?
- A21. Managers have had the opportunity to address pay compression and internal equity concerns through the Focal planning process. One half of these increases will be delivered in April and the other half in October, subject to management approval. The combination of these increases should address equity issues.
- Q22. What will happen if an employee's performance goes from Successful to IR or slower between now and October 1, 2001?
- A22. The second half of the planned focal increase will still be delivered in October, pending review of internal and external business conditions in Q3.

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- Q23. I am being promoted as part of this focal. I am already doing the work, why can't I get my full promotion increase?
- A23. All focal increases, including promotions are affected by this decision. You will receive one half of your planned promotion increase in April in recognition of your increased role and contributions. You will receive the remaining half of your promotion increase when the remainder of the planed focal increases is effective.
- Q24. What if one half of my planned promotion increase does not get me to the range minimum of the new salary grade or within the EB guideline for the new salary grade?
- A24. No additional adjustments will be made. When the second half of the planned promotion increase is effective you should be within the salary range and EB Guideline of the new grade.
- Q25 If I get promoted in May 2001, will I get a promotional increase at that time?
- A25. Employees promoted out of cycle will receive the full promotion increase at the time of the promotion. There was no perfect solution that treated all scenarios the same. This solution is consistent with our philosophy of raising the bar and encouraging employees to take on new challenging work assignments. Attempting to defer or prorate the increase would have been complex to administer.
- Q26. Will employees who receive an increase with a lateral transfer continue to be considered for equity based pay adjustments?
- A26. Yes.
- Q27. In many countries, new employees also get a probationary or confirmation increase. Will these be reduced?
- A27. Any probationary or confirmation increase planned during Focal will be reduced by half. Consistent with our practice in previous focals, U.S. HRD will be given a report showing probationary employees. This year the report will show half of the probation increase for each employee. The first half of the increase will be processed by the manager, using the manager on line tools, when the employee completes his or her probationary period. So no change to the current administrative process. The second half of the probationary increase will be processed automatically when the remaining Focal increases are processed, pending approval after review of internal and external business conditions. We are working with appropriate non-U.S. locations to ensure a similar process is in place.

- Q28. Since we are not delivering the full focal increase in April as planned, some employees will fall below the minimum of the salary range for their grade. Is this okay?
- A28. Yes.
- Q29. If an employee terminates before the second half of the focal increase is delivered, will he or she still get the increase?
- A29 No
- Q30. If an employee terminates before the second half of the focal increase is delivered will the department be able to allocate the increase to other employees?
- A30. No.
- Q31. Will employees in redeployment get a focal increase? What will happen if they are not successful in finding another job with Intel and terminate before the second half of the focal increase is delivered?
- A31. Redeployed employees will receive half of their planned focal increase on April 1, 2001. Employee's who terminate, whether voluntarily or involuntarily before the second half of the focal increase is delivered will not receive the additional increase.
- Q32 What will be reflected on the Focal 2001 pay letter?
- A32 Focal 2001 pay letters will reflect half of the planned focal increase.
- Q33. What will be reflected in the pay letters for managers who are currently grade 11 and above, including equivalent commission grades?
- A33. The Focal pay letter delivered in April will only show additional stock option recommendations. Any increase to base pay, EB, or commissions will be communicated when we have approval to release the rest of the focal increases.
- Q34. My organization did not allocate the full focal budget. We were saving money for midyear promotions and additional equity adjustments. Have we lost this remaining budget?
- A34. No, the money will still be available to spend at midyear as appropriate.

- Q35. In some cases employees hired externally in Q4 2000 or employees to be hired in Q1 2001 have received offers reflecting the planned focal budget. Will the pay of these employees be adjusted to reflect the delay in implementing the full focal budget?
- A35. No, we are not going to reduce new employee pay or modify offers that have been extended and accepted. Going forward, our employment offers will continue to be based on internal equity and external market factors (e.g. supply and demand).
- In many countries, salary ranges were adjusted based on the planned focal budget. Will we now go back and adjust the salary ranges to reflect only spending 50% of the focal budget?
- A36. No, we anticipate allocating the remaining focal increases and then the salary ranges will be appropriate.
- Q37.
- A37. Yes. While the changes to the communication program were communicated as part of the focal budget communication, it is really separate from the focal processes. The changes in the program have already been communicated to recent hires as part of the offer and will be implemented as planned for all eligible employees.
- Q38. Are managers promoted with this focal into grade 11 and the equivalent commission grade going to have their entire focal increase delayed until October 1, 2001?
- A38. No. Only current grade 11 + and the equivalent commission graded employees will have their entire focal increase delayed until October 1, 2001.
- Q39. Is it ok for a manager to rework his focal now that he or she knows about this decision?
- A39. No, it would be inappropriate and unethical for a manager to rework his or her focal decisions in order to deliver more money to employees now in light of this decision.

- Q40. How does this action fit within our T-Comp philosophy?
- A40. This action is very consistent with Intel's T-Comp philosophy. Our T-Comp philosophy provides that

If overall 2001 financial results are weaker than in past years, we can expect returns from these programs to be less. The deferral of half of the planned focal increase provides Intel with an immediate cost savings. Many of our competitors are taking even more drastic action.

- Q41. How does this decision compare to actions Intel has taken in previous economic downturns?
- A41. Throughout the 1980's we experienced several business cycles. Our actions were tailored to the internal and external conditions at the time. In the early '80's we implemented the 125% solution where exempt employees were asked to work 25% more without extra pay. Later in the mid '80's we employed a variety of approaches including: taking a week off without pay, delaying all Focal increases for 6 months, and involuntary layoffs. As recently as June 1998, TMG implemented a Voluntary Separation Program.
- Q42 What if conditions deteriorate? Will Intel consider layoffs at that point?
- We're not going to speculate on the future. We remain optimistic about Intel's long-term growth prospects and the role we play in the expansion of the Internet infrastructure. We will continue to invest for future growth. But we will also restrict new hiring to essential positions and reduce the size of the workforce through normal attrition. We're not announcing specific targets regarding the overall size of the workforce.
- Q43. How will communications around nonU.S. geo-specific issues be handled?
- A43. Local HR Managers may want to develop their own geo-specific communication and Q&As if there is something unique about the country or region that needs addressed. Regional C&B Managers and Lauren Griffiths should be consulted and copied on all communication. This is to ensure consistency with the program and to ensure all system programming needs are comprehended.

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- Q44. Why did we choose not to communicate to employees first, prior to a media release?
- A44. If it is material to the stock price it must be done simultaneously according to SEC rules since you can't advantage one set of stockholders over another.
- Q45. Will the second half pay increase be retro-active to April 1, 2001?
- A45. No, the remaining focal increases, if approved for delivery after review of internal and external business conditions in Q3, will not be retroactive to April 1, 2001.
- Q46. Will U.S. non-exempt employees returning from MLOA after this decision, receive their full focal increase that was approved in late Q4 2000.
- A46. Yes, this will treat a U.S. non-exempt employee returning from MLOA equitably with the rest of the U.S. non-exempt population. The U.S. non-exempt focal process was completed and approved in Q4 2000, well before this decision was made.
- Q47. What about U.S. non-exempt employees completing their probationary period in March? Will they get a full probationary increase?
- A47. Yes, to be consistent with the other U.S. non-exempt employees who came off probation in January and February. The U.S. non-exempt focal process was completed and approved in Q4 2000 well before this decision was made.
- Q48. If someone is given a promotion and only half their increase, can they deny their promo and not feel any retribution?
- A48. Yes, there would be no retribution for declining the promotion. However, the Focal compensation (money and stock) would need to be appropriately adjusted as it would have been based on equity and guidelines for the higher grade. The manager would need to re-work the focal increase to remove the promotion portion of the increase so the employee should expect a lower increase for both the portion delivered in April and the second half delivered in October, pending approval after review of internal and external business conditions. Stock option allocations would also need to be reviewed and adjusted as appropriate based on the stock matrix for the salary grade the employee is in.

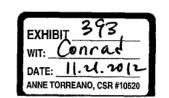
- Q49. If someone is promoted to grade with a lower (or zero) geographic differential, will they still only get half their Focal increase?
- A49. Yes. Although the changes to the geographic ('geo') differential were communicated with the Focal budget communication it is separate from the Focal process. The geo differential program is based on cost of labor, and accordingly, varies by site and job grade.
- Q50. If a grade 11+ employee has formally announced his or her retirement, and the retirement is before October 1, do they still get no increase in April?
- A50. Yes. All current Sr. Managers grade 11 and above, and equivalent commission grades (including employees retiring or resigning for any reason) are having their entire focal increase delayed until October 1, 2001, pending a review of business conditions.

### EXHIBIT 393 TO THE DECLARATION OF LISA J. CISNEROS IN SUPPORT OF PLAINTIFFS' NOTICE OF SUPPLEMENTAL MOTION AND MOTION FOR CLASS CERTIFICATION



# FSM Pre-Focal Analysis 2007

January 5, 2007 Elizabeth Waterman, Compensation Consultant



### 2007 Pre-Focal Prep

#### **Today's Objective:**

Review and educate on '07 Market data, budget and group compensation trends

### Agenda:

- Review Focal budgets
- Review and discuss biz group specific analysis
- SMA Strategy and Priorities
- Grade 11-12 Staff
- Wrap Up

The data in this presentation provides compensation analysis that may help you when developing your Focal objectives



### **FSM WW Focal Budgets**

FSM	Intel Hdcnt (12/19)	TMG Hdcnt	FSM '06 Hdcnt 14,219
USA	50,712	23,949	11,411
Ireland	6,775	1,312	1,973
Israel	4,144	2,378	835
Totals	61,631	27,639	14,219

TMG '06 YTD Turnover (Nov. 2006) 6.1% 6.1% 10.8% 12.4% 2.2% 4.1% 7.2% 6.2%



Does not include the 13 in Malaysia Automation Eng., Factory & IT Mgr.

Merit and promotion budget recommendations track with market

51%

- US Merit increases will be for successful employees, same as last year. Merit matrix to be set at
- 2<sup>nd</sup> Year of SMA Strategy; SMA budget is WW SMA
- Promo budget based on historical promo rates & pay delta per grade
- Overall T-Cash Position of Market is Strong for FSM WW @

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### **SMA Strategy for 2007**

#### Strategy

Continue with 3-year SMA strategy, but accelerate the fix for grade
 as these grades are where we have the most significant
 gaps

#### SMA Priorities for 2007:

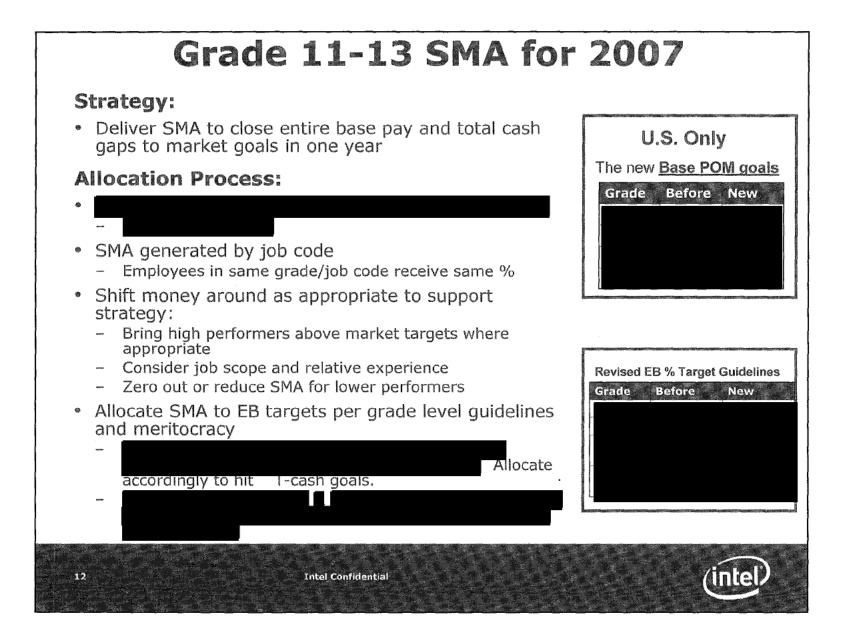
- 1. fully achieve base pay and total cash goals in 2007
- 2. fully achieve base pay goals in 2007
- 3. Critical jobs, as validated by BGHR and Site GM/staff
- 4.
- 5. Other jobs with gaps

Overall, Intel expects of the employees will be SMA eligible.

Actual SMA generated will vary based on business groups

\*Higher Performer=An employee who received an "O" or "EE" twice AND received Level 1 or 2 SOP Twice in the last 3 Focals.





### **FSM Wrap Up**

#### Focal

- · Merit: Same message as last year!
  - Spend all your Focal budget
  - Apply Meritocracy
  - Promo your high performers
  - "Do the Right Thing"
- Promotions:
  - Would expect to see more promotions of your higher performers in the lower grades
    - ø
- · SMA:
  - Redistribute SMA to those higher performing employees who are paid below market goals.
  - No SMA increase to IR employees, BE's may be considered, but should be a lower priority
  - Improve market position for process and software engineers.
  - Do NOT share SMA information "For Your Eyes" Only

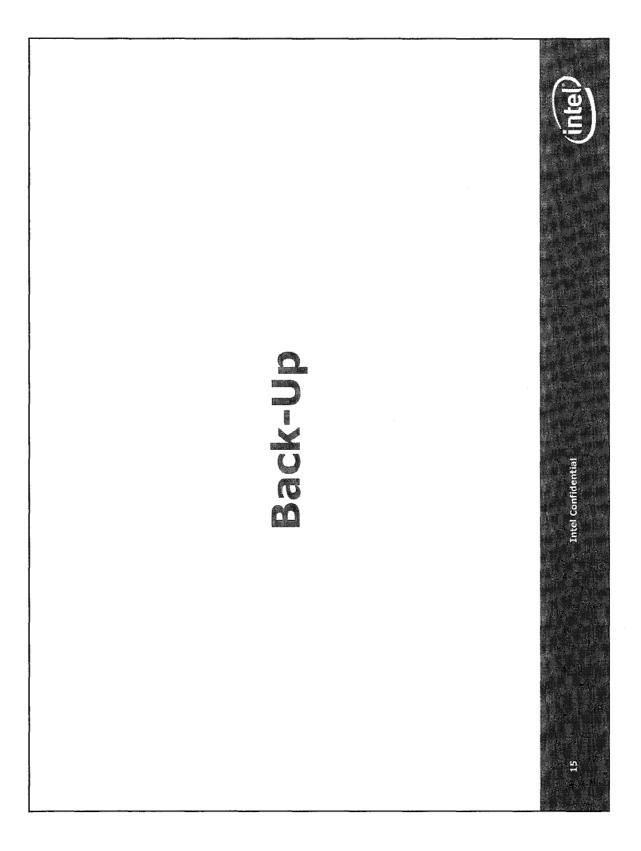
#### **Next Steps**

- · January Focal Kick-off
  - Review final budget and any key analysis with your staff

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### T-Comp Changes in 2007

**2006 Compensation Changes:** Announced that Intel would improve our target for total cash pay from "average" to "above average", and deliver to that target over the course of 3 years. Inject additional focal budget (SMA \$) over 3 years to jobs that are below target, resulting in base + bonuses > market when Intel profitability matches or beats industry performance

Program	What's Changing	Why?
Base Pay	•Higher POM Base <b>Goals in the US</b>	Improve our Base pay POM.
		Market competitive
	<ul> <li>In Israel, overall goals were adjusted according to the corporate direction.</li> </ul>	
EB	•Increase EB max target ranges	Improve our T-Cash
		Market competitive
	•Changes to Formula	
Salary		Market competitive
Ranges	-	

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## TIG by High Performers (US)

#### Key Messages:

Overall, excellent progress made last year promoting all grades. Majority of grades have TIG <1 year.

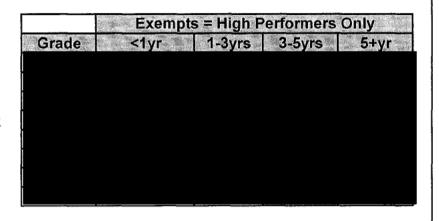
Grade 3 may be an opportunity to promote

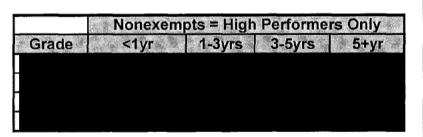
Grade 54, 5 year + on the high end. Look to promote more.



#### **Opportunities:**

Do the Right Thing....Again Spend all your promo dollars Apply meritocracy





\*Higher Performer=An employee who received an "O" or "EE" twice AND received Level 1 or 2 SOP Twice in the last 3 Focals.

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## **US Diversity Analysis** (Exempts Only)



**Key Messages:** Pay looks good, areas of focus:

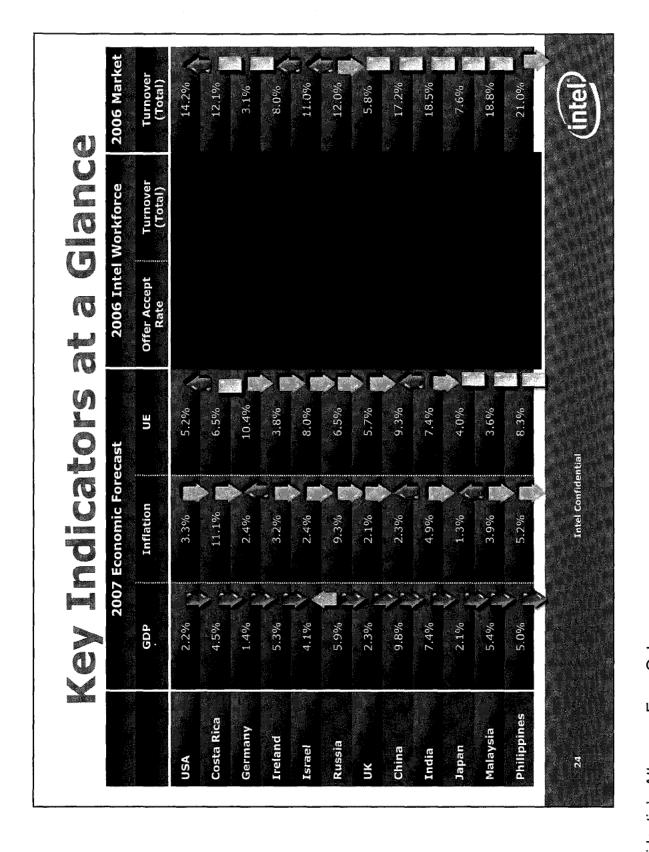
High Performing ratings & stock for Females & URMs

#### Corporate Diversity Direction:

- Focus is on US diversity with legally mandated diversity audits (performance and pay)
- Audits on rating, trends, etc. will be part of the focal rollup process
- OFCCP pay analysis will occur outside of focal



#### Overview of WW Environment -**GDP** Growth After growth in 2006, a slowdown in most parts of the developed world will reduce world GDP growth in 2007. Despite slowdown, SOR growth is still strong. Inflation Global inflation rates will decline only gradually in 2007 Unemployment Many countries will experience lower unemployment, although China, US and UK are expected to have slightly higher rates Labor Mkt Most countries will continue to experience robust labor market Avg Mkt Salary Market movement projected to be equal or slightly up compared to 2005 Movement Intel and market turnover continue upward trend. Intel turnover Mkt Turnover and Intel increasing more than market, decreasing the gap between Turnover Intel Offer accept rates have declined in most major countries **Intel Offer Accept** Rates 23 **Intel Confidential**



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